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**POST-WAR EMPLOYMENT
FOR ALL**

By the same author

UNEMPLOYMENT AND PLENTY

Swarthmore Lecture, 1933

“Says . . . much that is true and valuable, and brings out . . . forcibly the moral, as well as the economic waste and folly, of an unregulated economic system.”—J. A. HOBSON (*The Friend*)

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Third Impression

THE TOTAL ABOLITION OF UNEMPLOYMENT

*An address delivered to a conference of the
Society of Friends*

8vo. Paper, 1s. 0d. net

POST-WAR EMPLOYMENT FOR ALL

A Paper
given to a conference of
Quaker Employers
with additional notes and explanations

by

SHIPLEY N. BRAYSHAW
M.I.MECH.E.

Author of
“*Unemployment and Plenty*”
(*Swarthmore Lecture, 3rd Impression*)

LONDON
GEORGE ALLEN & UNWIN LTD
MUSEUM STREET

FIRST PUBLISHED IN 1942

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PRINTED IN GREAT BRITAIN BY
JESSE BROAD AND CO. LTD.,
MANCHESTER

Letter to the Author by Mr. J. A. Hobson.

21st May, 1938.

Accept my best thanks for your copy of *Quakerism and Industry*, 1938. I have read with deep interest and approval your valuable contribution.

Yours very faithfully,

J. A. HOBSON.

From a Leading Article in "The Times"

So long as it remains true that war or preparation for war is the only effective remedy for unemployment, wars will continue however cunning the machinery devised to prevent them. Any new international order will be still-born so long as this cancer is not eradicated from the social system . . . To create the new social order does not, like war, call for sacrifice of life and limb. But it does call for many of those other sacrifices of profits and luxuries, of rights and privileges, which we make unquestioningly in time of war. To formulate a social end, other than war, which will inspire such sacrifices is the cardinal problem of our time.

December 5th, 1940.

From a Leading Article in "The Manchester Guardian"

How many of us are content with the meagre amount of social justice that now lies behind our "way of life"? Do not we owe it to ourselves and to those who seek to rally to our cause to develop and proclaim a dynamic policy of social justice at home? And, though the actual organisation of the post-war world may be so obscure, should we not also be thinking and talking of how we would wish to co-operate in applying social justice to the problems of the peoples?

December 6th, 1940.

From a Leading Article in "The Manchester Guardian"

Today we have behind us the terrible experience of twenty years of confusion ending in total war, and few now are blind to the truth that nothing short of an economic revolution can give us security".

December 7th, 1940.

From a Leading Article in "The Times"

The heads of the Anglican Church, of the Free Churches, and of the Roman Catholic Church of Great Britain unite (in a letter printed in another column) in expressing their acceptance of the Pope's "Five Peace Points" first issued in an address to the College of Cardinals on Christmas Eve last year, and in supplementing them by five further principles of their own . . . The full use of the resources of the earth must no longer be left to unregulated chance, but must be so organised, in conjunction with the full use of our resources of man-power, to create the new wealth necessary to meet the needs of our people.

December 21st, 1940.

A Chief Constable writes to "The Times"

So far we have not found this increase in wages has led to an increase in juvenile crime . . . but I foresee that we policemen will be much more intimately concerned with the problem when the days of peace and unemployment return and wages once more descend to pre-war rates.

December 4th, 1941.

From the Findings of the Malvern Conference, 1941.

Where the rights of property conflict with the establishment of social justice, or the general social welfare, those rights should be over-ridden modified, or, if need be, abolished.

EXPLANATION

HERE have been three important Conferences of Quaker Employers held at ten-year intervals, namely in 1918, 1928 and 1938. Many of those who attended occupied positions of great responsibility and some were amongst the leaders of prosperous and progressive industry in the country. It was natural and right that such gatherings should concentrate largely on what may be called ameliorative measures. Successful capitalist employers are the last people to whom one would look for radical changes in industry and the fact that a place was given to this Paper in the 1938 Conference was striking evidence of toleration and breadth of mind. Although the Paper is pre-war, and necessarily out of date, it is being reprinted without revision. Many factors are now in a state of flux and today's statement may be obsolete tomorrow; but the writing of nearly four years ago stands for what it is worth taken in relation to conditions of pre-war days. The Government has so laid its hand on finance and industry that some of my proposals which, at that time, seemed fantastic, are now ripe for sober consideration.

The proposals presented to the Quaker Employers' Conference had already been outlined in a previous address* from which the following extracts are taken.

"It is my lot in business to come into direct "contact with operatives in the process of being "displaced by labour-saving machinery. I have "seen the bitterness of men discharged through "the installation of modern plant, and I have no "stomach to explain to them that the cheapening

**The Total Abolition of Unemployment*". Geo. Allen and Unwin Ltd. 1s.

“of production and the consequent lowering of
“the selling price will increase the demand and
“ultimately more men will be employed.

“But that is not all. I have myself known the full
“circumstances and details of a highly skilled
“man’s piece-work earnings being reduced from
“£6 7s. per week to £4 4s., with the advent of
“plant which mechanized his job; and his assistant
“was reduced from £5 4s. to £2 2s. The cheaper
“product might or might not ultimately mean
“more employment, but as industry is now
“conducted it would never restore the wage level
“of those men.

“My intimate connection with such tragedies of
“industry keeps vividly before me the distress con-
“nected with the cutting down of customary
“expenditure in the absence of provision for the
“industrial dislocation which follows.

“There are principles which we can enunciate
“with the assurance of revelation. In the Swarth-
“more Lecture of 1933 I confined myself to what
“I believe to be foundation Truth. With the
“confidence that inspired the prophets when they
“wrote, ‘thus saith the Lord——,’ we can assert
“that it is the birthright of every man to participate
“according to his measure in the activities and
“amenities of life; that this right is grossly violated
“in our country today, and that we are called to
“repentance and to the search for a remedy.

“The existing system enforces idleness in the
“presence of unsatisfied human need; it compels
“privation when there is no shortage, and it is
“chaotic in its action. Our faith is founded on the
“bedrock of humanity when we assert that such a
“system must be changed.”

To anticipate forthcoming criticisms I go back to the reviews and comments that assailed "The Total Abolition of Unemployment". Most of these bore clear evidence that the critics had not read the book through. One, quickly skimming, thought that my scheme would permit everyone to go onto the dole, another that I wanted good trade for ourselves regardless of foreigners, and a third was under the impression that I had suggested the absurdity of a dual currency. Some would not entertain a system that was not plain socialism whilst others rejected it as socialism in disguise.

One paragraph, like a magnet to the reviewer, was quoted scores of times and came back to me from the other side of the world. I suggested, and it appears on page 33 of this book, that "I would not be afraid "of salaries of £10,000 per annum for outstanding "ability and industry, especially to those with rare "capacity for organisation". One critic saw at once that the whole object of the book was to secure more pay for the top dogs; another, showing that he had not read much more than the magnet paragraph, wrote that £10,000 a year for one man with three millions unemployed was hardly fair.

A Lord Chancellor's ten thousand a year is but a fraction of what some of our great industrialists secure for themselves today. The suggested figure horrifies equally, but in opposite directions, both big business and the little man. The business justification for such a salary depends on the decisive influence of management upon product. In any concern, whether employing thousands or only half a dozen, the quantity and quality of the product, and the well-being of the workers, depends in a large measure on the higher management. It is true that a well-established business may, under mediocre

management, carry on successfully for a long time of its own momentum but such continued success, which is the product and evidence of past managerial wisdom, runs on a diminishing scale. Nepotism has led, sometimes over a period of long years, to the downfall of many a great concern. The maximum of diligence and energy, in the higher ranks as well as in the lower, cannot be secured without strong inducement; and I maintain that all the workers in the suggested Federations would be better off in cash and comfort when the management is highly rated. Even if a doctrinaire principle can be maintained that all should receive equal pay, or that differences in pay should be only slight, it still remains that in our present stage of evolution there is no prospect of success, for any considerable organisation, on such lines.

My proposals are founded on realism but they are unshaken by a moral challenge. Luxury, flaunted before poverty, is an abomination and most of all when it has no relation to service rendered. The toleration of such evils is amazing. Enthusiasts have too often weakened the assault by dreaming of a one-sided sharing. Giving (rendering useful service) according to ability and receiving according to need are sound principles if they are taken in the fulness of their meaning. Decent feeling should act both ways round requiring the strong to help the weak and, equally, prompting the weak to seek no more than a fair share of comfort well removed from poverty, and to eschew the larger maintenance needed for the greater worker.

It may well be that, in terms of production, a great organizer or inventor is "worth" a hundred, or in rare cases a thousand, times as much as a plain man; but the ethical question remains: what should be his

reward in relation to that of others without whom his organization or invention would be barren? After the verdict of Industry the last word should be spoken by the incidence of income tax.

So I stand by my proposals which, whilst providing substantial inducement for outstanding ability, offer a place in useful industry to every man at the full rate of pay without regimentation or loss of freedom; and which, providing for certain human rights, leave Industry in possession of its own direction and development subject to little more than an extension of existing supervision and accountancy.

The outstanding achievement, and triumph, of capitalism has been a stupendous production attained with ever-decreasing human effort. It is in distribution that it has failed, and we are presented with the tragedy of what is called "over-production" coincident with the existence of a poverty-stricken multitude forbidden either to work or to use the stores of surplus goods.

My proposals provide for the utmost utilisation of all the means of industry — men and machines, transport, distribution and organisation all bent, as never yet for a prolonged period in time of peace, on the greatest possible output. The inevitable overproduction, till now the dreaded nightmare of successful business, instead of bringing unemployment and reduction of pay would confer, in the first place, universal abundance and then the choice shared by all of an ever-increasing measure of amenities, of benevolence, of culture, or of leisure. The paper now entitled "Post-War Employment for All", was discussed in a full session of the Quaker Employers Conference in 1938 under the pre-war

title of "Planning Industry for the Utilisation of All Available Abilities". It was then examined at great length, and in searching detail, by a group of the conference which reported as follows:—

"The group which discussed the paper by Shipley "N. Brayshaw consisted of about twenty Friends, "most of whom had come with doubts about the "proposals. The discussion took the form almost "wholly of questions and answers. There were "questions about the relations of the scheme to the "State, about the exact constitution of the proposed "federations, the working of the currency proposals, "the place of the distributive trades, the effect on "export trade, and the incentive to endeavour. As "the discussion continued, it became evident that "the group was much impressed with Shipley "Brayshaw's grasp of the issues and relevant facts, "and questions were asked about the steps which "would be necessary to get the principles of the "scheme applied.

"The group recognised the deep concern with which "Shipley Brayshaw put the matter forward and was "convinced that the proposals should be further "examined. It was especially hoped that our "Friend would be able to have further serious "conversation with those who had criticised his "scheme adversely. Friends were reminded that in "the last Yearly Meeting Epistle we were invited to "consider sweeping political and economic changes. "One Friend in the group testified that the proposals "the group had been considering had done much to "disperse the feeling of frustration with which he "had come to the conference. The Group was "strongly of opinion that Friends should be en- "couraged to study the proposals."

POST-WAR EMPLOYMENT FOR ALL

IN two previous conferences, one ten years and the other twenty years ago, Quaker employers in face of the manifest conflict between Christian ethics and business practice concentrated mainly on practicable means for lessening the gap between them; and the reports of those gatherings show that the progress already achieved and the steps advocated were of substantial and lasting value.

In 1918 it was frankly stated that we hold no brief for the existing regime; indeed it was declared that we should work towards an alteration of the industrial system in so far as we regard it as inconsistent with the principles of our religion; but we were precluded by time from discussing changes beyond the scope of individual employers or groups of employers. Recognising that there were urgent needs and outstanding opportunities in our own factories, and that the potentialities of the present system had never been fully tested, the duty of the individual employer, not the duty of the State or of society, was the subject explored.

It is still true that the major evils of industry are beyond any remedy of ours and cannot be cured without far-reaching political and industrial changes; yet we can no longer be deterred from surveying the whole field. Apart from international trade barriers, which divide mankind, we are challenged by such evils as a recurrent failure, in the very presence of unsatisfied human need, fully to use the existing means of production — a failure which carries, in its train, insecurity for both capital and labour with widespread idleness and privation.

Following upon a reference to "industrial and other workers who are exploited and heavily burdened" we were told in the Epistle issued by the Yearly Meeting last May that "Subjection, poverty, injustice and war are closely allied; this situation demands sweeping political and economic changes". Though the Yearly Meeting itself is not a body to pronounce upon rival schemes of politics and economics such questions cry aloud to us.

We are not deterred from the serious advocacy of our Peace Principles by the fact that the practical policy arising therefrom is Utopian; and we will not be deterred from an overdue consideration of these matters by the taunt of wasting time on academic discussion. Though there is calm in our land today we cannot ignore the possibilities of radical changes even in the near future; should there be war anything may happen. We ought to be assured of our stand if the remote should suddenly become immediate. These matters naturally and rightly give rise to a great and increasing amount of agitation and propaganda which, apart from a comparatively few intellectuals including many students, is mainly in the hands of those who come off badly under existing conditions and who, in consequence, have little opportunity to get a comprehensive grasp of the position or to weigh the probable results of the measures they advocate.

By the fact that we, as employers, are accustomed to the necessity of making decisions which, in their cumulative effect, will make or ruin a business we are equipped in some measure to discuss a better organisation of industry; and duty demands that we should sincerely endeavour to explore in all directions with minds that are free and open to right leading. So long as the public welfare stands before personal

or class considerations, the exploration, and some amount of useful discovery, should not be too difficult.

The reluctance to entertain the idea of a radical change often rests on the unthinking supposition that, as opposed to the Capitalism of today, there is only one alternative involving the concentration of economic life in the hands of the Government with finance and industry controlled by civil servants. There is a foregone assumption that change means "Socialism", and that "Socialism" means confiscation and regimentation, the spoliation of the rich by the poor and the control of the individual by the community. We must free our minds from these stagnant thoughts. In reality every one who has seriously considered the framework of an alternative system must have been overwhelmed with the endless possibilities which present themselves.

I am confident that there are many good ways for industrial and social reconstruction and I am equally sure that no way yet imagined is free from reasonable objection. I offer suggestions hoping that in discussion they will be improved upon or entirely surpassed. A mere non-possumus, in face of the world today, is unworthy and futile.

Whilst using a telescope to descry a better state of things we never forget the immediate need to find the next step. A careful examination of the distant view may help most surely in finding the path our feet should tread today. We are remote from those who see no alternative but to sweep away the whole of the existing system so as to make a new start on ideal lines.

In the following pages I have drawn freely on an address which I gave to a group of Friends a couple of years ago. My contribution is based on the belief

that some form of collective guidance of industry is essential, but that direct Government control is open to serious objection except in special cases like the Post Office. I think that what is good in the present should be utilised; that no change should be made unnecessarily; that directors and managers of ability who accept the new conditions should continue to serve; that the transition should be arranged with the least possible disturbance; and that a good stride forward is worth while even though it leave us asking for more.

I do not think that in the present stage of human development we can achieve the greatest good of the greatest number by equal pay for all. We must encourage the greatest ability and effort by varying rewards. I think it necessary not to demand the abolition of the private ownership of capital, but to limit its risks and rewards and prerogatives. I would not exclude capital from a share in the management of industry, but I think it wrong that the last word should rest with capital alone.

We cannot, and do not wish to, dissociate ourselves from world affairs; but even in the depths of world depression it is in our power to set our own house in order. We can reorganise our own production and distribution on lines more moral and more efficient than those which now obtain. At the same time I reject economic nationalism which even if it were beneficial to ourselves, is opposed to human progress. Whatever we do must be consistent with the well-being of other nations.

Attempts to restore prosperity by restriction of crops and output are on false lines. If too much of a commodity is being produced in the sense that the supply is more than sufficient for everyone to have all they want, or ought to have, then, of course, the

supply should be curtailed; but how often is this the case? Supplies are commonly restricted because people who need them have not the means to purchase them. Rather should our efforts be directed towards the discovery of a way to benefit by abundance.

The following proposals are made in the barest outline. Manifestly they need elaboration, but they may serve as a basis for discussion. Financial matters take the first place; not that financial management alone can meet the need, but such provision is necessary in itself and is essential for comprehensive advance.

THE BANK OF ENGLAND

The consent of the Government should be required for the appointment of the governor and deputy-governor. There should be an advisory council, nominated by industry, commerce, labour, joint-stock banking, and economic science, with power to call for information on the policy and operations of the bank; and, like the American Federal Reserve Board, the bank should publish a monthly review, an annual report, frequent official statements, and important statistical data. The Government should have no power to interfere with the day-to-day policy of the bank, but only with long-term principles of policy relating to such matters as currency and credit.

JOINT-STOCK BANKS

Joint-stock banks should be accorded a status corresponding to their actual position, which is that of one of the largest and most important of our public utilities. Their profits should be limited and they should be answerable to a permanent banking

commission empowered to inquire into all their activities and approve their charges with full access to their books and in a position to consult with and advise them in the discharge of their duties.

The above proposals relating to the Bank of England and joint-stock banks have been taken from *The Next Five Years** in which they are discussed and elaborated and, like all the recommendations in the book, they are put forward as reasonable reforms attainable in the near future.

I now proceed with some financial proposals, most of which have been taken from a paper presented in September, 1933 to the Friends' Industrial and Social Order Council by John H. Guy.

THE POUND STERLING

There should be a declared price level based on an official cost of living index. Common morality requires that the pound sterling should be stable in its purchasing power as the pound avoirdupois is in weight. It is impossible simultaneously to maintain internal and external stability if foreign currencies are unstable. It is in our power to maintain internal stability, that is to say, stability throughout the bulk of our money transactions, and if we do so stability can be maintained with any and every foreign currency which is itself stable.

Changes in the purchasing power of money have been baneful in the extreme. They have transferred wealth, on a vast scale, now from, and now to, the rentier; and they have played ducks and drakes with wages and salaries. The tithe agitation is but one

**The Next Five Years*. An essay in political agreement by many influential signatories representative of all shades of thought. Macmillan and Co. Ltd. 5s.

symptom of an evil which is an underlying cause of industrial instability. Any advance in our social system is precarious so long as the value of the unit of exchange is not stable in relation to the cost of living.

GOVERNMENT MONEY

The money we deal in should be Government money secured on the same assets as those which secure bank money. There is no valid reason why the Government should limit itself to some £400,000,000 of currency whilst the banks are allowed to create approximately £2,500,000,000 of private money. In the limits of this address we can hardly discuss the need for such a change, and the workability of the system proposed.

INVESTMENT BANKING AND INDUSTRIAL BANKING

As things are now, money can be used at will, and at any time, for the purchase of consumable goods, or for investment either at home or abroad. The transfer from one function to the other causes disequilibrium and, spread over years, accentuates, and in part produces, boom and depression.

Furthermore, there are in the principal countries of the world financial institutions which control money not definitely employed in industry or long-term investment. They quickly change it from bank deposits to speculative ventures, or to Government securities, and from one country to another according to their judgment of politics, industry, and finance. The League of Nations estimated the amount of these funds at £2,000,000,000. These are funds which, in the City, are called "Bad Money" in recognition of their danger.

There is no objection to a reasonable transfer of money from industry to investment or *vice versa*, and in order to combine the desirable flexibility with proper control, banking should be divided into two branches — "investment" and "industrial". A glance at a bank balance sheet demonstrates the feasibility of this division. Treasury bills, investments, bank premises, and loans on investment collateral are investment bank assets. Commercial bills and loans to industry on stocks in trade are industrial bank assets.

The most important characteristic of an investment bank would be a provision that a deposit with such a bank would be a prerequisite for a purchase of securities and real estate. The technical provision to ensure this would be to make a draft on an investment bank the only legal tender for any title deed and as essential to valid purchase as the Government stamp.

Further provisions of investment banking would relate to the payment of interest and notice of withdrawal both of which would be fixed from time to time by currency commissioners. In this way the flow of money between industry and title deeds would be measured and controlled.

Industrial banks would, in the main, follow present lines except that they would carry legal cash equal to deposits. They would give no interest on deposits and they would never deal in investments.

CURRENCY COMMISSIONERS

There should be currency commissioners empowered to take all necessary steps to keep the cost of living index reasonably constant. They would issue currency on the same classes of security as

the banks do at present, the limit of the amount being governed by the cost of living index. They would periodically fix the rate of interest paid by investment banks; a high rate when the index is rising unduly and a low rate when it falls.

If the index continue to fall the currency commissioners could, for example, issue currency for the use of municipalities, or for any scheme approved by the National Development Board (see later) at such rate of interest and for such period as will induce capital expenditure. If not at 3 per cent, then at 2 per cent, or, if need be, at 1 per cent. There is always a rate which will induce capital expenditure.

If production obstinately increase so as to exceed the apparent demand as expressed by the total expenditure, even when capital outlay has been stimulated, the currency commissioners must be entitled to call on the Council of National Economy (see later) to decide whether the case should be met by raising either the school-leaving age, or standard wages, or old-age pensions; or by lowering the pension age, or shortening the working hours, or by any other means or a combination of them; and, if necessary, parliamentary powers would be sought to give effect to their findings so that facility of production and ability for consumption should keep step in their onward march.

The management of currency stands out as a function which should be independent of private interest, or class bias, or changing political pressure. The work should be carried out courageously on long-term fixed principles, and without regard to passing gusts of popularity or opprobrium. Accordingly, the commissioners should not be answerable to the

government of the day. They should be as independent and secure in their positions as judges are now.

FINANCIAL PROPOSALS SUMMARISED

As things are now, the need for goods cannot be translated into effective demand even though the means of supply are crying aloud to be used. Still more, the adjustment between supply and the permitted demand is incredibly slow and blundering. After a long period of depression there comes a time when, with infinite relief, industrialists read in commercial and financial papers that "the statistical position is improving". In human terms it means that production has been so curtailed by unemployment and bankruptcies and their concomitants that, in spite of reduced consumption, stocks and supplies have shrunk to such a degree that once again industry can work to a profit.

Some of these evils are rooted in finance and can be cured by financial reforms. The suggestions made in the foregoing give the barest outline not of theoretical proposals but of a thought-out system. The system is based, in the first place, upon regulations to prevent erratic or vicious decisions and dealings whereby purchasing power may be sterilised or used indiscriminately, backwards and forwards, between, for example, current expenditure, capital outlay, or the purchase of foreign exchange.

To prevent the strangulation of industry purchasing power must be created to the extent and in some such manner as is suggested above. This will result in a relatively diminishing return on capital whilst the reward to workers will increase with improving production. An inevitable outcome must be an

increasing production for use instead of pressure to create productive equipment the product of which cannot be distributed.

With productive power fully employed a new valuation of capital, whether communally owned or not, will in time be reached by a balance between the desire for increased plant and equipment on the one hand, and increased leisure or consumption on the other.

These financial reforms are based on elementary justice and common sense; they, or their equivalent in some form, are a necessary first step. Industrial and commercial reform, however well conceived, will be abortive if the financial basis be faulty.

I now come to the further organisation required and again in places I draw freely upon *The Next Five Years*.

COUNCIL OF NATIONAL ECONOMY

There should be a council composed of Cabinet ministers of the highest rank appointed for this purpose and free from departmental responsibility. This would be a political committee which would, of course, change in personnel with changes of government.

ECONOMIC GENERAL STAFF

The Council of National Economy would direct, and be assisted by, an Economic General Staff of more permanent tenure which would have as its chief officer an established Civil Servant of the highest rank, aided by highly qualified assistance.

The Economic General Staff would consist of persons of the highest ability and knowledge. It would include the permanent chiefs of various

Government departments together with the governor of the Bank of England, the currency commissioners and representatives appointed by such bodies as trade unions, institutions, and universities.

This body would be supervisory and not executive in character. The functions, advantages, and dangers of such an organisation are briefly dealt with in *The Next Five Years*. To this body I would give certain important duties which I will explain later when proposing the establishment of a board of industry.

NATIONAL DEVELOPMENT BOARD

There should be a Minister of National Development at the head of a National Development Board charged with the duty of preparing long-range plans for national development and conservation and they should have a programme of approved schemes ready to be commenced as required. In its survey the board would comprise matters relating to housing and public works, including road-making and electrification.

BOARD OF AGRICULTURE

Agriculture presents special obstacles to far-reaching reorganisation. Some guidance may be found in *The Next Five Years*. Farming in this country should mainly be directed towards the production of milk, vegetables, eggs, and fruit. The demand for these, if industry were conducted on the lines I am about to suggest, would be sufficient to bring reasonable prosperity to good farming.

BOARD OF TRADE

The Board of Trade, as at present constituted, functions over a wide range of activities, from light-

houses to cinema films, and from mines, patents, and bankruptcies to the Food Council. Under these proposals, some of its work would be transferred to other departments, but its purview would be extended to the distribution of goods and especially of agricultural produce.

BOARD OF INDUSTRY

I would have a Minister of Industry concerned with production. As with other ministers or boards already mentioned, his office would be co-ordinating and advisory. Under him there would be a national register of everyone desiring employment and he, with the assistance of the Economic General Staff, would be responsible for labour adjustments between the national federations, next to be considered.

NATIONAL FEDERATIONS

The actual work of production, including mining but not agriculture, would be directed by National Federations. Agriculture presents an immense problem which would be due for comprehensive consideration when the present proposals had been implemented. There would be federations responsible for all classes of production, from shipbuilding to light engineering, and from pottery, glass, and leather to textiles and chemicals. I am using the word "production" in a wide sense to cover useful industry. The units, that is, each federation, would be as homogeneous as possible, and as large as could be effectively and efficiently directed by a single board.

It would not be easy to define the scope of each federation and arbitrary lines of demarcation would necessarily abound. For example, coal mining might

appear to be in a well-defined class of its own, but actually many collieries are concerned in allied activities, such as coal-carbonisation, or in more remote industry, such as brick-making. Evidently the grouping of the country's production into large units would afford unlimited scope for adjustment which, however, is well within the organising ability of the best business capacity.

Imperial Chemical Industries Ltd. is a gigantic concern with an astonishingly wide range of interests which are effectively co-ordinated and controlled by a capable board of directors. The Post Office, with its 23,000 branches and its prodigious turnover, is a much larger undertaking but without such variety in its work. The Bridgeman Committee, after six months of investigation, reported in 1932 that the Post Office performs its work with remarkable efficiency and that a change of status was not desirable. The federations that I have in mind would be on a scale comparable with such undertakings. At the same time I recognise that some specialised industries would function best in quite small federations.

The federations, unlike the board of industry, would be the actual managers and controllers. Normally the directors would be appointed by the workers of all grades in the industry, and by the public and by capital. Today capital carried an immense amount of experience and valuable directing capacity which it would be folly to leave unused. I would not make unnecessary changes or displace useful and well-applied ability but I would provide, for a start, that the ultimate control given to capital should be less than 50 per cent in each federation. This, however, would not have the significance now attaching to it

because, under the new conditions, the reasons for a conflict with capital in the working of the federations would cease to operate. I have spoken of the normal constitution of a board, but I can well imagine the need for exceptions. Under the Herring Industry Act the board is appointed by the Government.

Each federation would have a monopoly in its own line. We are rightly opposed, on principle, to monopolies when they are held for private gain; under existing conditions they are, generally speaking, objectionable but, used only for the public good, they may be proper and necessary. No one can seriously challenge the monopoly of the Post Office or of numerous public utility companies. Safeguards would be provided against secret inflated salaries and other abuses. To justify a monopoly the *quid pro quo* is important; each federation would be responsible for the employment at the full rate of pay of the number of workers of all ranks assigned to it by the Ministry of Industry. I have already said that everyone would be entitled to enter his or her name for employment. On the federations would rest the responsibility of using the services of everyone so entered. There would be no such thing in the land as a person denied the right to work.

QUESTIONS ABOUT THE PROPOSED FEDERATIONS

Before proceeding to outline the working of the federations we must pause to deal with the ready questions that will be raised by anyone who, for the first time, considers such a system. How is it possible to employ more men and yet pay full wages? Is not every employer today wanting to do this and finding it impossible? How could the increased production be disposed of? How long could you keep it up with an inevitable glut ahead

leading to an equally inevitable collapse of the market? Has not the present level of employment been fixed by inexorable laws of supply and demand? How long would it take for every federation to be bankrupt?

Such questions illustrate the mentality begotten of capitalism in its present form. Manifestly we must, under existing conditions, concede the validity of every objection suggested by these questions, but such concession reveals the folly of things as they are. Our present arrangements and our whole outlook have been so moulded, in the past, by the hard underlying fact of scarcity, that there is actually a menace in the promise of abundance. It is not the payment of full wages to additional workers that daunts the manufacturer. He is unnerved by the threat of over-production and the collapse of a weakening market.

OVER-PRODUCTION

Do not forget, in the first place, that an all-round increase of production would be required to meet the demand caused by the large increase of earnings. Should this demand be met, and over-production still threaten, we must remember that we have provided for financial stability. The internal purchasing power of the pound is to be reasonably constant as measured by a commodity index. Purchasing power is to keep pace with production. An all-round extra production of the goods that people want will carry in its train an all-round increase of salaries and wages. The currency commissioners have various means of control at their command; they can, for example, see to it that public works are encouraged and capital expenditure stimulated.

There is no need to worry about "Where is the money to come from if everyone works and earns full pay?" If increasing quantities of goods are forthcoming the banks will be able to arrange for the necessary means of exchange. The creation and maintenance of the means of exchange are abstruse technical problems, but they are capable of solution by experts and they can be accomplished by a small number of able and experienced bankers. Of quite a different order is the direction of millions of workers so as to secure the maximum output with the least effort. The pertinent question is, "Can we expand our output sufficiently to meet the demand that will arise with everyone in receipt of full pay?" Instead of talking about money let us think in terms of goods. We will suppose that the Leather Foot-Wear Federation has, at its inception, been given an increased number of workers and that it starts off, as it should do, on the fullest production it can attain. Every industrialist knows the advantage of working to full capacity; against this must be set the burden, as it may be, of the full quota of labour employment. Assuming that the L.F.-W. Federation is able to provide all the shoes and slippers that are demanded, it means that the full wages paid in all other federations are justified so far as the supply of foot-wear is concerned. But a corresponding output may be expected all round. The other federations may similarly be able to meet the calls made upon them for clocks, blankets, pots, and what not. If over-production is the danger it means that the goods are forthcoming to justify the stipulated full pay.

If the federations fulfil and overtake the demand so that over-production actually occurs, the difficulty could be met by working short time on full pay,

or pay might be advanced all round to increase the demand, or effort might be directed into other channels — capital expenditure, public amenities, education, scientific research, recreation.

UNDERPRODUCTION

On the other hand we must examine the possibility of the creation, by the proposed increase in purchasing power, of a demand too great for the federations to meet. This means, in the first place, that the plan of full employment, whatever the pay, has been more than justified; it has shown that work for all is an actual real necessity. It means that whilst every industry is striving after output to the utmost, whilst every machine and every labour-saving device is pressed into the service of production, there is still an unsatisfied demand. It means that the fear of over-production has indeed been dispelled, but the shortage would necessitate a general lowering of pay to the point at which the purchasing power no longer exceeds the maximum production.

I have not spoken of a cut in wages, but of a general lowering of pay. If the federations fail in production, all ranks of workers would have to share in the necessary cuts; but before admitting the likelihood of such a position, we must remember the new factors which make for increased output.

We have about two million unemployed and many who are under-employed. All these are to be put on to full pay, but not as charity or a dole. The full pay that they are to receive is to be earned by full work. We have been, and are, making unemployables but, with an unsatisfied and apparently insatiable demand, there comes a new incentive,

the hands would learn their cunning again, and many of the down-and-outs would become worthy workers. I know that this can happen. With renewed health and hope and industry, the under-employed and the "unemployable" would contribute largely to industrial activity.

The energy and ability now engaged in advertising and competitive selling would be released for productive industry and this alone would make possible a substantial increase in production.

In some trades there would be an increase of output through release from the present universal and well founded fear that quicker production would do someone out of a job. Everywhere the knowledge that demand exceeded supply, and that in no case could anyone lose his job through increased output, would put new heart and vigour into workers of all grades.

Industrial output would increase with the reduction in crime consequent upon the abolition of unemployment.* This improvement would be many-sided; extending beyond the direct benefit that would flow from the substitution of useful employment for useless time in goal.

Besides those who rank as unemployed there are many potential workers who are idle; indeed such is the pass we have come to that idleness is considered meritorious for a man who by reason of a pension or other means is not compelled to work. He is frowned upon if he engage in beneficial employment — "taking the bread out of somebody else's mouth". Twenty years ago, when the army had laid its hand on the country's manhood and when, in addition to

*See Swarthmore Lecture, 1933, *Unemployment and Plenty*", pp. 35-7. Geo. Allen and Unwin Ltd. 1s. 6d.

normal requirements, the demand for war material was at its height, we witnessed an astonishing capacity for production of all kinds. Merit then consisted in working. Idlers from all classes joined in productive effort and the output was prodigious. That was what happened when, for a brief period, manufacturing capacity was allowed full play.

I have been discussing in a simplified form the question of production. We recognise, of course, that the increased demand would extend to imported goods which means that our industries, besides meeting the increased home consumption, would also have to make more goods for export. I will, before finishing, refer to foreign trade.

FURTHER PROPOSALS CONCERNING NATIONAL FEDERATIONS

After this long but necessary digression, I am at last able to outline my conception of national federations. I have already made a suggestion for the constitution of the boards of federations, capitalist directors being retained so long as they hold their position by well-applied ability, but the directors appointed by the community and by the industry itself to have a preponderance. I have also said that the federations would be monopolistic and in return they would be responsible for their full quota of employment.

The function of each federation would be, in the first instance, to achieve its maximum production and to sell its product at a price based on prime cost plus regulation charges plus a percentage for profit or surplus, and subject of course to the corrective influence of demand. The regulation charges would be supervised by the Board of Industry and would include capital charges equally whether the capital belonged to the community or to individuals. The

profit or surplus would accrue to the federation and would be used for research, development, and improvement of all kinds, and these in turn would lead to increased facility of production. The books of the federation would be audited by accountants appointed by, and responsible to, the Board of Industry. None of this need be regarded as destructive. It is largely based on principles already conceded in the case of public utility concerns.

I have spoken of the federations giving, in the first instance, the standard rates of pay. General over-production would not lead to a lowering of prices but to a general increase of pay. Conversely, with stable prices, general inability to deliver the goods must inevitably cause a lowering of pay. Commission and bonus would be paid for successful working judged both by quality and output. I would not be afraid of salaries of £10,000 per annum for outstanding ability and industry, especially to those with rare capacity for organisation. Such a stimulus to the highest rank, instead of lowering the pay of the others, would, I believe, by increasing the efficiency of the federation, benefit all the workers therein. The workers in a federation directed by ten-thousand-a-year men, who had achieved their position by proved ability, would be better off than if their directors were valued at no more than £1,000 per annum.

The federations would, as already explained, be free from direct Government control; but to the Board of Industry would fall the difficult task of apportioning to them their quotas of employment. The allocation would, in the first instance, be tentative and experimental, but, after all, occupational and other statistics are available as a basis for

a fair approximation to real need. In the early stages many changes and adjustments would be called for. Indeed, even when smooth running had been established, there would be continual need for readjustments in the distribution of labour.

CHOICE OF OCCUPATION

Ideally every man should be in the occupation for which he is best suited, but this does not necessarily mean that every man should be in the occupation of his choice. The federations, at their inauguration, would carry on with employment as they find it, and they would be faced with the task of placing the present unemployed. It would doubtless be found that federations' needs and workers' choices do not always coincide. A large number of workers would, in the first instance, be allocated to their work willy-nilly, but anyone would have the right to appeal against an allocation. In this case the decision after the appeal had been heard, might be given for an immediate transfer to another calling in the same federation; or to another federation altogether; or the name of the appellant might be put on the waiting list for a transfer; or the appeal might be dismissed. There are jobs so undesirable that it would be necessary to couple them with extra pay, or privilege of some kind, to ensure their willing acceptance by sufficient number of workers. Adjustments and compensations of this kind could only be determined by experience. When all has been said I cannot visualise a system in which everyone can claim full work and full pay along with unlimited freedom to choose and to change his or her occupation. When enough qualified men are available for certain positions, no one would say that an unqualified man has a right to claim such a position for himself.

In any case it is not suggested that everyone should be forced into the federations, or that anyone should be compelled to remain in a federation. Cognisance should be taken of a large number who would doubtless prefer to earn their own living independently in their own way. There would be a great deal of desirable work and service that would not fall within the scope of the federations as I see them. These proposals give incomparably more opportunity than the present system, in which, with little or no freedom of choice, the majority of manual workers are swept into industry. I will go further and say that in practice freedom of choice, in a reasonable sense, would be achieved given a proper administration by the responsible body. In this connection it must be remembered that the proposed Board of Industry would be headed by a cabinet minister who as a politician would be directly dependent on the will of the people.

LABOUR RESERVE

The question inevitably arises how could business be carried on with no unemployed to draw upon in time of need. Beside seasonal and other cycles in trade, which can be foreseen and provided for, there are many irregular and unaccountable causes of industrial fluctuations. Frosts and floods, fires and epidemics, changing fashions and clamant new demands brook no delay. Indeed, if literally every registered worker were to be fully and continuously employed, the federations would be confronted with major difficulties of organisation. For this reason, whilst I would have no unemployment in the present sense of the term, I would have, distributed over the country and ready for action at any time, a labour reserve of say, 200,000 workers.

The personnel of the labour reserve would be constantly changing. It might be a suitable halting place between convalescence and full work. Any who, on account of exceptionally prolonged or strenuous labour or for any other reason, merited special consideration, might reasonably apply for a term on the reserve. The number of reservists might be doubled temporarily in one locality whilst it almost disappeared in another, but the total number in the country should generally be kept constant within moderate limits.

Men and women on the reserve would be expected to get into, and/or keep themselves in, first-class condition. They would have access to gymnasia, swimming-baths, and outdoor games as well as lectures and cultural enjoyment. Since their position on the reserve is for the benefit of industry they would be on full pay and they would be liable, in an emergency, to turn their hands to any service sanctioned by the Board of Industry. Their position would be analogous to that of the army, who receive full pay in time of peace.

A substantial contribution to the maintenance of such a reserve might be obtained by regulation rates to be charged to the federation or public body or to anyone who makes use of the labour reserve. It is only reasonable that payment should be made for the privilege of access to good workers any time at short notice.

OVERSEAS TRADE

The organisation that I have been developing has for its foundation that industry should be carried on to supply the needs of all the people in the country, that all should be allowed to share in the work and

that the work should be done with the smallest possible expenditure of effort. Maintaining this position with regard to foreign trade we cannot think of increasing our exports *in order to find work* for so many more men. The outlook and mentality which finds such expression is perverted and vicious.

The primary use of exports and overseas services should be to pay for imports and services, and the less that others are willing to take, in exchange for the things we want, the better for us. No system is defensible which turns an abundant influx of commodities into an evil. The height of absurdity is reached when our people are condemned to idleness and short commons by cheap imports. The solemn pseudo-economic explanations of such nonsense which commonly pass muster today will be read, in time to come, with the kind of amazement we feel when we contemplate the philosophic and religious defence that was given, in the Middle Ages, for the burning of witches.

The financial and industrial arrangements that I have described would turn cheap imports into a blessing. Goods dumped free of charge, instead of spelling utter ruin, would be as welcome as manna from heaven. A reservation is needed, of course, with regard to trade manœuvres such as the destruction of competition in order to establish a monopoly for subsequent exploitation. We ought at least to maintain our own means of production. Also it would be necessary to watch the effect on agriculture which, not being federated, would react differently from other industries.

I would have a Minister of Overseas Trade at the head of one of the most important and responsible Government departments, which would be much

more than a mere extension of the present Department of Overseas Trade. The ministry would be concerned with exports and imports, and it would have an eye to foreign services both rendered and received. Unlike other Government departments that we have been considering, it would be invested with executive trading power; indeed it is arguable whether the Government should take over the whole duty of overseas trade. My own inclination, irresponsibly arrived at, would be, as a first trial, to permit a continuance of private trading, under strict surveillance, and with the Ministry stepping in where necessary.

PRODUCTION FOR EXPORT

To ensure a sufficiency of exports to pay for our necessary imports would be a prime concern of the Minister of Overseas Trade. The provisions already suggested, for the maintenance of internal monetary stability, and for providing a check on irresponsible dealings in foreign exchange, would ease the way of administration.

Our ability to hold our own in exports need not be impaired by any of the foregoing proposals. It is true that, with a standard of living fully established at a level much higher than it is today, we would have to sell great quantities of goods abroad against the output of depressed workers; and yet in world competition we would not be any worse off than we are now. The increased prosperity that I visualise rests upon increased productivity of industry coupled with a fixed average price and there is nothing in this to reduce our competitive power in the world market.

It still remains that the difficulties, of which exporters loudly complain, would persist and might

increase so that the harassed producer would, by present-day standards, demand a cut in wages. By stages quite explicable and perhaps at one time justifiable, we have come, in the development of industry, to the present position in which it is commonly accepted that the only way to maintain our exports is to keep our costs lower than anyone else's. So far, so good; and if the low cost be secured by better machinery and methods, so much the better; but in these days we may be displaced in the foreign market through currency depreciation or by those who, equally well equipped and organized, are working at starvation rates; and here we reach the point at which the commonly accepted solution is egregiously wrong.

To suppose that we must tolerate, and depend upon, depressed conditions at home because of their prevalence abroad, is false reasoning and bad economics. A low standard of living for export workers carries in its train depression in the home industries with the evil conjunction of want, idle plant, and unemployment.

Maintaining the principle that our people shall be adequately paid we should be prepared to provide, on account of export workers, grants sufficient to balance any extra cost brought about by superior pay or conditions in this country. The payment of balances to compensate for any difference in cost arising from the employment of elevated, instead of depressed, workers amounts to a subsidy on exports and as soon as we use the word "subsidy" the associations connected therewith make us pause.

International tariffs and subsidies cause friction and ill will and are major evils in the world today; but we must not be misled by the use of a word. The

proposed balance is entirely different, in its character, from any existing subsidy. Selling below cost loses its sting when done under the conditions given, in order to equal the world price, by a nation that places no obstacle in the way of imports. So far as the foreign buyer is concerned a given sum would purchase the same amount of similar goods regardless of whether they come from this country or elsewhere. It would not materially concern him if, in our case, the wages paid to the actual producers had been augmented from public funds. The foreign purchaser would, judged by our standard, receive, from this country, more than he pays for; but by the standard of a country that uses sweated labour the same payment for similar goods would cover both cost and profit.

The alternative would be to leave the adjustment to the operation of foreign exchange. The rate of exchange, with an adverse balance, would move against us; sterling would be cheap abroad; and, with the fixed internal price level that we have provided for, British goods would be purchased cheaply by foreigners. Improvements in standards of living do not necessarily involve increases in cost of production but when such increases arise the technique for balancing them is open to discussion. However the balance is effected there can be no doubt which way is more likely to elevate industrial conditions abroad — to depress our own standard in the cause of competition or to maintain the highest standard in our own island.

We ought to produce such a surplus of goods that we can afford, after adequately supplying our own needs, to send away all that is required in exchange for our imports. Let the cost of our exports exceed the

world price at which they are sold, yet if they purchase raw materials, food, and other things that we want, the exchange taken as a whole from a national point of view is beneficial. To this end we should utilise all available machinery, labour-saving devices and human help. Everything should be done to increase output all round to such an extent as to compensate for the apparent or local loss in the trades exposed to the severest foreign competition. When production, stimulated to the utmost, fails to meet the demand at home and in the balanced foreign market, then, and not till then, will it be time to reduce the distributed purchasing power in the country.

The Minister of Overseas Trade would look to the Council of National Economy for advice about the granting of balances for foreign trade. Viewing the economic position of the country as a whole, with its problems of population, capacity, transport, and so forth, the council would be in a position to indicate what industries should be expanded so as to produce an exportable excess.

FOREIGN INVESTMENTS

I have simplified the discussion by ignoring all questions relating to imports arising from foreign investments held in this country; and I have been speaking only of exports paying for imports. We all recognise that an old industrial country like ours should help in the development of other parts of the world; and there should be surplus exports on capital account. This means that the consumption of our people would be restricted to a reasonable extent to provide capital for foreign investment; and the recipient countries would pay strictly according to the value of the help so given; all of which is

ethically and economically sound. On the other hand, the existence of a depressed standard of living in this country in order to produce capital for export is indefensible.

REGARD FOR OTHER NATIONS

None of us would be content to consider these matters regardless of other nations. When I spoke of purchasing our imports at the lowest possible price I was referring only to the business side of the question. When I talked about receiving goods dumped free of charge, I did not look to, or desire, such largesse; but the objection is moral or humanitarian and not economic. We ought always to pay a reasonable price that will be fair to the producer.

MAINTENANCE OF OUTPUT

Service and industry are enforced in modern business by ruthless competition. In the higher ranks there is a double incentive — the possibility of big profits and the fear of failure. In the lower ranks the extra reward, if any, is strictly limited, but the threat of dismissal and lasting unemployment looms large. In the proposed system the useful side of the competitive urge would, within proper limits, be retained; but the threat of destructive competition would disappear.

Without stopping to assess the relative values of moral gain and material loss, I must concede that, in certain ways, the industrial stimulus, as we know it, would be weakened and sometimes seriously so. If this were the last word, my proposals would be still-born, but I think it will be found on balance that, even on the material side alone, the gain will far outweigh the loss. I have spoken of the possi-

bilities of increased production and I attach importance to the effect on all grades of workers of the release from the nightmare of over-production as a frightful fiend treading close on the heels of competitive industry as we know it today.

For the right direction and working of the nation's industry we need a dominating idea, an impulse that will captivate the imagination of the multitude. I have read of an occasion in Moscow when fifty thousand young men shouted a response in unison, "We are changing the world, we are changing the world, we are changing the world". Under such a system as I have described I can see our workers, all of them, "hands" no less than managers and black-coats, thrilled with enthusiasm for an increase of output that has been allocated, if it can be achieved, to some spectacular object — this year, let us say, a substantial increase in pensions for widows and the aged, another year for public amenities and improvements — for education — for holidays; and is it too much to hope that, with a certain measure of well-being all round, altruism would find expression in free gifts to less favoured peoples beyond our shores.

CONCLUSION

Sketchy as my presentation has been, I have visualised an ordering of industry which is reasonable and moral and, as it seems to me, workable. It excludes no one from a share in the necessary work of the community and it provides for the needs of all. In considering these proposals may we be saved from the warping of our judgment by unworthy fears of personal loss. The positions we occupy would, if we are holding them aright today,

still be ours under the proposed reorganisation. In any case we must at least agree that the qualification for leadership and management should be based on ability and fitness. As we free ourselves from the trammels of privilege and prejudice we can contemplate dispassionately any proposals for a management of industry more in accordance with the principles of our religion. Whether, within a decade, there will be vast changes in our own country we know not; but we can be sure, beyond a peradventure, that ere this century sees its close some of today's wild dreams, and may-be nightmares, will have passed for better or worse, into the substance of daily life. With this before us we would wish to be among the pioneers who are actively moving in a better way.

